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As regards credit on real estate, after explaining its nature, Ferraris studies the different systems. In Germany it has assumed three different forms, — combination of land owners, state or provincial institutions guaranteed by the government, and private corporations. Similar forms are found in Austria. In France, on the other hand, there is only a single large private corporation, with a board of directors nominated by the state, and dealing with local credit as well.

In the last chapter, on agricultural credit, the author distinguishes between credit for agricultural improvements and that for the ordinary farming operations. He dwells especially on the systems of Raiffeisen and Wollemborg, as practiced in Germany, Austria, Italy, Switzerland and other countries.

Such is the scope of the present volume, and such the manner in which the theme is treated by the author. The whole treatment gives evidence of profound erudition, which is especially seen in the very full and useful bibliographical notes. At the same time the originality of thought as well as the lucidity and precision of style go to make up a work which is bound to become authoritative and indispensable to students of the subject.

UGO RABBENO.

A History of the Theories of Production and Distribution in English Political Economy from 1775 to 1848. By EDWIN CANNAN, M.A. London, Percival & Co., 1800. — xi, 410 pp.

The subject of Mr. Cannan's book is in one sense indicated with perfect accuracy by its title. It is an examination of the theories of production and distribution set forth by the English writers from Adam Smith to the younger Mill. Their doctrines as to the productiveness of labor, the nature and functions of capital, the law of diminishing returns, the origin and cause of wages, profits, rent — these are followed with scrupulous care in detail, and with unquestionable ability in stating and dissecting the views of each author. Mr. Cannan has mastered everything essential in the literature of the period. His work is scholarly, exact, fully furnished with references to the authorities, and it cannot fail to be stimulating and helpful to all economists.

There is another sense in which Mr. Cannan's book is less faithful as a history. Doubtless it is going too far to require that an historian should approach his subject, as we are told a biographer

should, in a sympathetic spirit; but surely we may ask that the historian should set forth the merits as well as the defects of the men whom he discusses, and should present a full and fair picture of his subject as a whole. It is perhaps unfortunate that Mr. Cannan has limited himself as narrowly as he has to the doctrines of production and distribution. Value and exchange, money, international trade, are not considered at all, or referred to but scantily, so far as may be necessary for an understanding of the main subject. But there is another limitation in Mr. Cannan's work, of a more essential sort. Mr. Cannan dissects rather than expounds. Not that he fails to state, with scholarly accuracy in the main, the doctrines which he criticises; but his comments are directed to their weak points only. The reader unacquainted at first hand with the writings of the classic writers or their predecessors would rise from this volume with the conviction that all they had written on production and distribution was worthless; that no advance in knowledge was achieved at their hands; that their conclusions perhaps served a temporary purpose in promoting the reform of the Corn Laws and Poor Laws of England, but that as contributions to general theory they had simply to be flung aside once for all.

In truth, the attitude of Mr. Cannan is nothing if not critical, nay hostile. The reader will look in vain through the volume for a syllable of praise or even of respect, while he will find many slighting allusions and acrid comments. Two sentences of Adam Smith's, running over five lines, are noted as "only a verbose method of asserting" something which Mr. Cannan finds himself able to put in three lines. Adam Smith was a fluent writer, desirous of securing for himself a wide hearing; but few of his readers have found him verbose. Ricardo, "like most people who have not had the advantage of a literary education, was apt to think that a word ought to have whatever sense he found convenient to put upon it"; and moreover thought "that a low price of corn means high profits, which, *as became a man of finance*, he assumed to be a blessing." James Mill was Ricardo's "henchman," and "was true to his principle of excluding, so far as possible, everything of human interest from his work." Senior "makes the most monstrous assumptions," and "shows extraordinary incapacity to keep to the point"; Chalmers writes "in his usual turgid style"; Torrens's work is "as long-winded as its title." The younger Mill comes in for more than his full share of this sort of comment. "Clearly there is little but hocus-pocus" in one train of reasoning, where Mill says that labor alone

is the primary means of production, and concludes that all advances of capitalists are ultimately resolvable into wages. This, by the way, seems to the present writer a sound and important proposition, notwithstanding the contemptuous manner in which Mr. Cannan dismisses it. Again, Mill uses "the most unwarrantable assumptions and the most invalid arguments," is guilty of "a most preposterous arithmetical example," and his chapter on "Fundamental Propositions on Capital" is "a most hopeless farrago of blunders."

Surely there are other things to be said of the contributions which the classic school made to the theories of production and distribution. When we consider what was the stage of economic speculation before the time of Adam Smith and after the time of John Stuart Mill, on such subjects as the division of labor and its consequences, the origin and functions of capital, the significance of interest, the causes determining wages and differences of wages, rent and monopoly gains, we may surely feel some gratitude and express some praise. In truth, economics was virtually a blank on many of these topics before the classic writers; while any current text-book, whether English, German or French, whether "orthodox" or "new school," will be found to contain the gist of their doctrines, with the solitary exception of the wages-fund theory. That these doctrines need some thorough overhauling and reconstructing, and that economic science is now in a stage of healthful transition, no one will deny. To enter on a discussion of those parts of economic theory in which the doctrines of the classic writers still have essential validity, would pass the bounds of this notice; but few would be disposed to sweep them away as unrelentingly as does Mr. Cannan.

If economic study were still in the stage at which it stood in England and the United States a quarter of a century ago,—if Adam Smith and Ricardo were still deified, and Mill's *Political Economy* were still accepted as a definitive statement of all that was worth knowing,—such a book as this might do eminent service. It would awaken, even though rudely, those who thought themselves able to doze in quiet certainty. Even as matters stand, it is an able and stimulating piece of work, however one may differ with the author, not only in temper, but on matters of substance. But as an historical estimate of what was done by the classic writers, it fails. The time has come for a calmer mood and a juster weighing of the merits and defects of the writers of the past.

F. W. TAUSSIG.